

LEASE AGREEMENT
BETWEEN
MONTGOMERY COUNTY, MARYLAND
AND
THE STATE OF MARYLAND

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Exhibits :

"A" Leased Premises

Approved as to Form and Legal Sufficiency
Office of the County Attorney

By: [Signature]

Date: Dec 10, 1984

LESSEE:

ATTEST:

By: [Signature]

THE STATE OF MARYLAND

By: [Signature]

Robert F. Sweeney
Chief Administrative Judge

Date: 3/28/85

ATTEST:

By: [Signature]

By: [Signature]

Alan Murrell,
Public Defender

Date: 4/9/85

ATTEST:

By: [Signature]

By: [Signature]

H. William Bauersfeld, Jr.
Director, General Services
Administration, Department of
Health and Mental Hygiene

Date: 3/6/85

ATTEST:

By: [Signature]

By: [Signature]

Calvin A. Lightfoot,
Deputy Secretary
Department of Public Safety
and Correctional Services

Date: 15 April '85

ATTEST:

By: _____

By: [Signature]

Arnold J. Hopkins, Director
Division of Parole and
Probation

Date: _____

Execution of the above Lease Amendment was authorized and
approved by the Board of Public Works at a meeting held
on FEB 27 1985 as
Item 64 - L. - MOD.

[Signature]
Director, Office of Real Estate
Department of General Services

This Lease Amendment is hereby approved for form and legal
sufficiency by [Signature], Assistant Attorney General, on
the 8th day of December, 1984.

LEASE AGREEMENT

THIS LEASE AGREEMENT, (hereinafter referred to as "Lease"), entered into this 7th day of August, 1984 by and between MONTGOMERY COUNTY, MARYLAND, a body corporate and politic (hereinafter referred to as "Lessor" or "County") and the STATE OF MARYLAND (hereinafter referred to as "Lessee" or "State").

WITNESSETH :

WHEREAS the Lessor and Lessee desire to relocate the District Court of Maryland and related State Agencies from their present location at 11 Firstfield Road, Gaithersburg, Maryland, to the Courthouse Building located on North Washington Street, Rockville, Maryland, in order to provide more efficient and effective delivery of judicial and administrative services to the residents of Montgomery County and the State of Maryland.

NOW, THEREFORE, the Lessor and Lessee, in consideration of their respective obligations hereinafter set forth and for other good and valuable considerations do hereby mutually agree as follows:

1. PREMISES : Lessor does hereby lease and demise unto Lessee the premises described as a portion of Parcel N336, Tax Map GR342, Grid GR32, as conveyed to Montgomery County, Maryland by Albert M. Bovic, Administrator C.T.A. of John T. Vinson, and as recorded on January 18, 1930 in Liber 498 at Folio 244, among the Land Records of Montgomery County, Maryland, (said parcel being hereinafter referred to as "leased premises"). The leased premises shall include the buildings (which buildings comprise approximately 61,000 square feet of net useable space), walkways, parking lot, driveways and land contiguous to the buildings, as outlined in red on "Exhibit A" attached hereto and made a part hereof.

4th June 84
Rbk RK
2. TERM : The term hereby created shall be twenty (20) years, commencing January 1, 1986 ~~July 1, 1985~~, or on such other earlier or later date as the Lessor provides written notice to the Lessee that the interior construction within the leased premises is complete and all required use or occupancy permits have been obtained.

3. RENEWAL OPTIONS : Upon the conclusion of the initial lease term cited in Article 2 hereof, Lessee shall have the right to renew this Lease for two additional and consecutive five (5) year periods, such renewal to be at the same rent and under the same terms and conditions as the initial term. Lessee shall provide Lessor with written notice of Lessee's intention to renew not less than nine (9) months prior to the expiration of the initial term or extension

thereof.

It is further acknowledged by Lessor and Lessee that this lease and the tenancy hereby created shall cease and terminate at the end of the initial term, or any renewal thereof, without the necessity of any notice from either the Lessor or the Lessee to terminate the same. The continued occupancy of the premises by the Lessee after the expiration of said term shall not operate to renew the Lease for said term or any part thereof, nor render the Lessee liable for double rent.

4. RIGHT OF TERMINATION : Lessor shall allow Lessee to withdraw from this Lease at any time during the term hereof, by Lessee providing to Lessor not less than twelve (12) months' written notice of Lessee's intention to terminate.

In the event of such a termination by Lessee, Lessee shall pay to Lessor, in a lump sum payment due sixty (60) days from the date of termination, an amount equivalent to the outstanding balance owed to the Lessor for Lessor's contribution to the construction costs as established in Paragraph 9A hereof, and all costs associated therewith, whether already incurred or to be incurred by Lessor at some future date. Rental payments and reimbursement for maintenance expenses incurred by Lessor on Lessee's behalf shall be adjusted to the date of termination.

5. RENTAL PAYMENT: Lessee shall pay to Lessor, as basic rental for the hereinabove described premises an amount representing a rental rate of THREE AND 50/100 (\$3.50) DOLLARS per net useable square foot per annum, based on a calculation of 61,000 net useable square feet of space. The resulting annual basic rent in the amount of Two Hundred Thirteen Thousand Five Hundred (\$213,500.00) Dollars shall be payable in equal monthly installments of Seventeen Thousand Seven Hundred Ninety-One (\$17,791.67) Dollars & 67/100, the first of which shall be due on the commencement date of the initial lease term. All payments thenceforth shall be due and payable on the first day of each succeeding month during the lease term, at the Department of Facilities & Services, Division of Space & Leasing Management, 50 Courthouse Square, Rockville, Maryland 20850.

Should the Lessee fail to submit monthly rental payments in the above described manner, and should said failure continue for more than forty-five (45) calendar days after a monthly payment becomes due and payable, Lessee shall pay to Lessor, in addition to and as a part of the rental payment in question, a late fee of ten percent (10%) of said monthly rental payment, commencing on the 31st day after the due date, which late fee may be accepted by Lessor without

prejudice to Lessor's other rights upon Lessee's default as outlined in Paragraph 17 hereof.

6. USE OF THE PREMISES : The leased premises shall be used to house the District Court of Maryland, the Office of the Public Defender, the Office of Juvenile Services, the District Court Diagnostic Evaluation Services, the Division of Parole and Probation, and any other agency providing court related services.

7. PARKING : Lessee shall be entitled to full use of the parking facilities which are a part of the leased premises, as outlined in red on "Exhibit A" attached hereto and made a part hereof.

8. INITIAL CONSTRUCTION: Lessor and Lessee acknowledge that a substantial amount of interior construction will be necessary in order to prepare the leased premises for occupancy by the Lessee. Said initial construction shall provide approximately 61,000 square feet of net useable space for Lessee's use. Lessor and Lessee shall share responsibility for the successful completion of the interior construction as follows:

A. The Lessor shall provide a contribution in the amount of ONE MILLION SIX HUNDRED THOUSAND AND NO/100 (\$1,600,000.00) DOLLARS towards the initial construction costs, said contribution to be repaid to the Lessor by the Lessee in one hundred twenty (120) consecutive monthly payments, the first of which payments is due on the first day of the month following the commencement date of the Lease term, and the remaining payments to be due on the first day of each succeeding month thereafter. Said monthly payments shall reflect reimbursement to the Lessor of Lessor's contribution towards the construction costs, and shall be adjusted on an annual basis to include interest rates on County bonds that may be issued to finance the construction. Lessor shall submit annual computations to the Lessee, documenting adjustments made pursuant to this Paragraph 8A. For purposes of Paragraph 33 hereof, monthly payments due hereunder shall not be considered as additional rent.

B. The Lessee shall provide a contribution in the amount of TWO MILLION AND NO/100 (\$2,000,000.00) DOLLARS towards the total initial construction costs, resulting in a joint contribution by Lessor and Lessee of THREE MILLION SIX HUNDRED THOUSAND AND NO/100 (\$3,600,000.00) DOLLARS. In the event that the total initial construction cost is less than the Lessor and Lessee's joint contribution, Lessor and Lessee shall share the savings in the same proportion that their individual contributions bear to the total joint contribution as hereinabove stated. While the Lessor and Lessee acknowledge the

possibility of cost overruns, the Lessor hereby represents to the Lessee that the Lessor will make a diligent effort to insure that the total initial construction costs do not exceed the Lessor's and Lessee's joint contribution. The Lessor further agrees that it will not authorize any expenditures in excess of said joint contribution without the Lessee's written consent thereto. The above notwithstanding, the Lessee shall remain responsible for any expense associated with the total initial construction in excess of the joint contribution as hereinabove stated. Lessee shall work in conjunction with the Montgomery County Department of Finance and Office of Management and Budget with regards to the arrangements for financing and disbursement of any and all funds required for or associated with the initial design, planning, administration, project management and construction.

C. The Lessor shall appoint the project architect for the preparation of construction plans and specifications. The Chief Administrative Officer of Montgomery County, or his designee, shall be responsible for making all decisions pertaining to the administration of the consultant contract. The Secretary of the State Department of General Services, or his designee, shall provide input for the plans, conduct appropriate reviews and approve the construction plans and specifications prior to the invitation of bids by the Lessor.

D. Following approval of construction plans and specifications by the Lessor and Lessee, the Lessor shall be responsible for the invitation of bids, the awarding and the completion of the construction contract. Lessor and Lessee shall jointly conduct a final inspection of the work, prior to acceptance from the contractor.

E. Any dispute concerning the financing, design, planning, administration and project management of the initial construction which is not disposed of by agreement shall be decided by an arbitration board consisting of the Chief Administrative Officer of Montgomery County (or his designee) and the Director, Office of Real Estate, Department of General Services, State of Maryland, (or his designee), who shall jointly notify the Lessee and Lessor in writing of the determination made. The Lessee and the Lessor shall be afforded an opportunity to be heard and offer evidence in support of their respective positions. Pending final decision of a dispute hereunder, Lessor and Lessee shall proceed diligently with the performance of all provisions under this Lease Agreement. In the event the members of the arbitration board cannot agree on a final decision in a dispute, they shall mutually select a neutral party to

decide the issue. The decision of the arbitration board (or the neutral arbitrator selected by the Board) shall be final and conclusive. This Paragraph does not preclude consideration of questions of law in connection with the aforesaid decisions.

F. Lessee agrees to appoint a Project Manager who shall represent Lessee's interests during the design, planning, administration and management of the initial construction project. Said Project Manager shall be awarded the authority to make decisions, approve plans and authorize expenditures on behalf of Lessee.

9. IMPROVEMENTS AND ALTERATIONS :

A. Capital Improvements and Structural Alterations: After the initial construction is complete, Lessee shall not undertake any structural alterations, changes or improvements to the Leased premises without the prior written consent of the Lessor, which consent shall not be unreasonably withheld. Once Lessor's consent has been obtained, Lessee shall be responsible for the acquisition of any and all necessary permits and for the observation of all building and zoning ordinances and regulations then in effect. Failure to adhere to any applicable ordinances or regulations shall be deemed to be a violation of this lease. The cost of any such alterations or improvements shall be borne solely by the Lessee.

B. Lessor's Approval and Inspection: In order to secure Lessor's approval of any structural alterations or improvements, Lessee shall submit to Lessor plans and specifications clearly setting forth the work to be performed. Lessor shall inspect the premises upon completion of the work to determine adherence to submitted specifications and compliance with applicable codes and regulations. In the event that the completed work is not reasonably satisfactory to Lessor, Lessee shall undertake any necessary corrections, at Lessee's risk and expense.

10. OPERATING EXPENSES AND MAINTENANCE RESPONSIBILITY:

A. Lessor's Responsibilities: Lessor shall provide, at Lessee's expense, maintenance of all mechanical systems, to include HVAC system, electrical system and plumbing system. Maintenance provided by Lessor at Lessee's expense shall include repair or replacement of faulty equipment as same becomes necessary. Lessor shall also provide at Lessee's expense, repair or replacement of the roof and structural components of the buildings, as same becomes necessary. Lessor shall provide, at Lessee's expense, evening, weekend and holiday electronic security, all trash removal, pest control, glass pane

replacement, light bulb replacement, window cleaning, grounds maintenance, to include trimming and treatment of grass, trees and shrubbery, snow and ice removal or treatment, repair of the walkways, repaving or resurfacing of the parking areas, any general work that may be necessary to maintain the grounds in good condition, and any day to day items of minor maintenance, as it become necessary. The Lessor reserves the right to decide the extent and scope of work to be performed by Lessor in connection with its maintenance responsibilities as hereinabove stated. The Lessee shall reimburse the Lessor for the full cost of all expenses incurred by Lessor in the performance of its responsibilities under this Lease. Reimbursement to the Lessor for expenses incurred on Lessee's behalf shall include administrative costs, service contracts, equipment contracts, insurance, labor, materials and any other expense, without limitation, that may be sustained by Lessor in the performance of its responsibilities in connection with the leased premises. Said reimbursement shall be made in the form of equal monthly payments, the first of which shall be due on the commencement date of the lease term, and the remaining payments to be due and payable on the first day of each succeeding month thereafter. Prior to the commencement date of the lease term, the Lessor shall submit a statement to the Lessee, which statement shall include the Lessor's estimate of maintenance costs becoming due during the first lease year, and the Lessee shall make monthly payments during the first lease year, each in the amount of 1/12 of the Lessor's written estimate of expected maintenance costs. Amounts becoming due pursuant to this Paragraph 10A shall be adjusted at the beginning of the second lease year and every lease year thereafter, to reflect actual costs incurred by Lessor. The Lessee shall have the right to review Lessor's records of expenses incurred in connection with the leased premises at least twice a year and to have an independent audit performed at least once a year. The results of such an audit shall be binding on Lessor and Lessee, and payments shall be adjusted to conform to the audit. For purposes of Paragraph 33 hereof, reimbursement of maintenance expenses hereunder shall not be considered as additional rent.

B. Lessee's Responsibilities : Lessee shall, at Lessee's risk and expense, be responsible for the execution and direct payment of service contracts to provide all cleaning and janitorial services, telephone services, and workday security services. Lessor shall assist Lessee in the preparation of bid specifications and the evaluation of bids received. After contract awards, the Lessor shall assume responsibility for the administration, monitoring and day to day management of contracts awarded by Lessee for the provision of

services as hereinabove stated. Administrative costs incurred by Lessor in the performance of its management responsibilities hereunder shall be considered an item of maintenance expense to be reimbursed to Lessor pursuant to Paragraph 10A hereinabove. Lessee shall be responsible for direct payment of all utility charges assessed against the leased premises, including but not limited to electricity, gas, water, sewage and fuel. The Lessor shall install a meter to monitor steam usage by the Red Brick Courthouse, adjacent to, but not a part of the leased premises. The Lessor shall credit the Lessee for any steam usage attributable to the Red Brick Courthouse on an annual basis. As part of its building management responsibilities, Lessor shall receive all bills for janitorial and utilities and shall apportion and forward said bills to the Lessee's agencies which shall process payment directly to the service provider.

11. FIXTURES AND EQUIPMENT: All items which are attached to the building, or are a part of the building's systems at the commencement date of this Lease, shall remain with the building and shall be delivered to Lessee along with the building. All moveable partitions, trade fixtures, floor coverings or equipment installed within the leased premises at Lessee's expense shall remain the property of Lessee and may be removed by Lessee at the expiration or other termination of this Lease. Lessee shall, however, repair any damage caused directly and exclusively by reason of said removal, and return the leased premises to the Lessor in substantially the same condition in which the premises were delivered to the Lessee at the commencement date of this Lease, reasonable wear and tear excepted.

12. SIGNAGE : Lessee shall have the right to install such signs as Lessee may deem appropriate on the interior surfaces of the buildings within the leased premises. Lessee shall not have the right to install any signage on the exterior surfaces of the buildings or grounds within the leased premises without the Lessor's express written consent thereto.

13. LIABILITY, PROPERTY DAMAGE AND FIRE INSURANCE:

Lessor shall maintain Lessor's normal fire, property damage and liability insurance on the leased premises. Lessor and Lessee hereby reserve the right to self-insure. The Lessee hereby agrees that any expense sustained by Lessor in the procurement of insurance policies, or in the settlement and payment of any claim that may be filed against Lessor in connection with the leased premises shall be reimbursed to the Lessor by the Lessee as an item of maintenance expenses, and in the manner set forth in Paragraph 10A hereinabove, excepting claims that may be filed as a result of Lessor's negligence. Lessor

and Lessee hereby waive any right of subrogation against the other.

14. HOLD HARMLESS : Lessee agrees to hold harmless and defend the Lessor from any and all claims of liability arising by virtue of the nature of the Lessee's programs or through any negligence on Lessee's part, except such negligence as may be occasioned by the acts or omissions of the Lessor, the Lessor's employees, agents and contractors. Lessee shall not waive any rights it may have under the defense of sovereign immunity and the Lessor shall not waive any rights it may have under the defense of governmental immunity.

15. RESPONSIBILITIES OF LESSEE: Lessee covenants and agrees as follows:

A. Lessee shall not strip, overload, damage or deface the leased premises, hallways, stairways or other approaches thereto or the fixtures therein or used therewith, nor suffer or permit any waste in or upon said premises.

B. Lessee shall not keep gasoline or other flammable material or any other explosive within the leased premises which will increase the rate of fire insurance on the leased premises beyond the ordinary risk established for the uses described in Paragraph 6 hereof. Any such increase in the insurance rate due to the above, or due to Lessee's special operations within the leased premises, shall be borne by Lessee. Lessee shall not willfully do any act or thing in or about the leased premises which may make void or voidable any insurance on the leased premises, and Lessee agrees to conform to all rules and regulations established from time to time by the Lessor, the Maryland Insurance Rating Bureau, or any other authority having jurisdiction over such matters.

C. Lessee shall not use or allow to be used the leased premises or any part thereof for any illegal, unlawful or improper purpose or for any activity which will constitute a nuisance to adjacent properties or the adjacent neighborhood.

D. Lessee acknowledges that all responsibilities of Lessee relating to the use or misuse of the leased premises and anything therein shall be construed to include use or misuse thereof by Lessee's agents, employees, patrons and guests.

E. Lessee shall comply with all reasonable rules and regulations with regard to the use of the leased premises that may be from time to time promulgated by Lessor, and any violation of said rules and regulations shall be deemed to be a violation of this Lease.

16. DESTRUCTION OF PREMISES :

A. In the event that the leased premises are destroyed or damaged from whatever cause so as to render all or a substantial portion of the premises unfit for the purposes for which the premises were leased, and the repair of said destruction or damage cannot reasonably be accomplished with available insurance monies within ninety (90) days from the date of such damage, Lessee and Lessor shall each be entitled to terminate this Lease by written notice to the other within thirty (30) days after the irreparable destruction or damage occurred.

B. In the event that the Lessor is able to undertake the repair of the leased premises with available insurance monies, Lessor shall do so within ninety (90) days from the date of destruction or damage and this Lease shall not be affected, except that during reconstruction rental payments pursuant to Paragraph 5 hereof shall be reduced by a percentage corresponding to the portion of the leased premises to which Lessee is denied normal occupancy and use.

C. In the event that Lessor is unable to repair the leased premises as hereinabove provided, Lessee shall not be entitled to any compensation or payment from Lessor for the value of any remaining term of the Lease.

17. DEFAULT : Lessee shall be considered in default of this Lease upon the occurrence of any of the following:

A. Failure to perform any term, covenant or condition of this Lease and the continuance thereof for thirty (30) days after written notice from Lessor specifying said failure.

B. The abandonment of the leased premises by Lessee. In the event that the Lessee shall fail or neglect to keep and perform each and every one of the covenants herein contained, and if such failure or neglect shall continue for more than sixty (60) days after written notice (or such period as may be reasonably required to correct the default with exercise of due diligence) from the Lessor specifying the default, then and in every such case thenceforth, at the option of the Lessor or Lessor's assigns, the Lessee's right of possession shall thereupon end, and the Lessor may proceed to recover possession of the premises and pursue any other remedy available to Lessor under the laws of the State of Maryland. No default as hereinbefore provided shall be deemed complete unless at the time Lessor seeks to take any action based upon such a default, the same shall remain uncured.

18. ASSIGNMENT AND SUBLEASING : Lessee shall not have the right to and shall not assign this Lease nor sublease the demised premises or any portion

thereof. Use of the leased premises by an agency or agencies of the State of Maryland other than the agencies designated in Paragraph 6 hereof shall not constitute assignment or sublease, and may be done by the Lessee, provided Lessee has obtained the express written consent of the Lessor, which consent shall not be unreasonably withheld.

19. ACCESS : Lessee shall allow Lessor and Lessor's employees or agents to have access to said leased premises at all reasonable times for the purpose of inspection, or in the event of fire or other property damage, or for the purpose of performing any work required to be performed by Lessor, or which Lessor considers necessary or desirable, or for any other purpose pursuant to the reasonable protection of the leased premises. Lessee shall not alter or change the exterior locks installed on the premises, and shall provide Lessor with keys to the facility, said keys to be used by Lessor to obtain access to the facility in emergency situations.

20. SURRENDER OF POSSESSION : Lessee covenants, at the expiration or other termination of this lease, to remove all goods and effects from the leased premises not the property of Lessor, and to yield up to Lessor the leased premises and all keys, locks and other fixtures connected therewith (except trade fixtures and other fixtures belonging to Lessee), in substantially the same condition in which they were delivered to Lessee at the commencement date of the Lease, reasonable wear and use thereof and damage by fire or other casualty and damage from any risk with respect to which Lessee is not herein expressly made liable excepted.

21. HOLDOVER : In the event that the Lessee shall continue to occupy said leased premises or any part thereof after the conclusion of the term of this lease, or any extension thereof, the tenancy thus created shall be deemed to be upon a month-to-month basis and may be terminated by either party giving the other not less than thirty (30) days' written notice, to expire on the day of the month from which the tenancy commenced to run. During any month-to-month tenancy, both parties shall continue to observe all agreements and covenants contained in this Lease. During any holdover period, the Lessee shall not be rendered liable for double rent.

22. NOTICE OF DEFECTS : Lessee shall give to Lessor prompt written notice of accidents or damages to the leased premises.

23. QUIET POSSESSION : Lessor covenants and agrees that, if Lessee shall perform all the covenants, conditions, and agreements herein contained to be performed on Lessee's part, Lessee shall at all times during the term of this

lease and any renewal or extension thereof have the peaceable and quiet enjoyment and possession of the leased premises for the purposes leased without hindrance from any person or persons whomsoever.

24. COMPLIANCE WITH LAWS : It is understood, agreed and covenanted by and between the parties hereto that Lessor and Lessee, as their interests may appear, and at their respective expense, will promptly comply with, observe and perform all of the requirements of all of the statutes, ordinances, rules, orders and regulations now in effect or hereinafter promulgated whether required by the Federal Government, State of Maryland, Montgomery County Government, Montgomery County Department of Environmental Protection or Montgomery County Fire Marshal's Office.

25. REPAYMENT OF LESSOR'S CONTRIBUTION TO CONSTRUCTION COSTS :

In the event that this Lease is terminated by either party pursuant to the provisions of Paragraphs 4, 16A, 17, 29, or for any other reason, Lessee shall pay to Lessor, in a lump sum payment due sixty (60) days from the date of termination, an amount equivalent to the outstanding balance owed to the Lessor for the Lessor's contribution to the construction costs as established in Paragraph 8A hereof, and all costs associated therewith, whether already incurred or to be incurred by Lessor at some future date. Rental payments and reimbursement for maintenance expenses incurred by Lessor on Lessee's behalf shall be adjusted to the date of termination.

26. BENEFIT AND BURDEN : The provisions of this lease shall be binding upon, and shall inure to the benefit of the parties hereto and each of their respective successors, assignees or representatives.

27. WAIVER : No waiver of any breach of any covenant, condition or agreement herein contained shall operate as a waiver of the covenant, condition or agreement itself or of any subsequent breach thereof.

28. APPLICATION OF PAYMENTS RECEIVED FROM LESSEE : Lessor shall have the right to apply any payments made by Lessee to the satisfaction of any debt or obligation of Lessee to Lessor pursuant to this lease according to Lessor's sole discretion and regardless of the instructions of Lessee as to application of such a sum, whether such instructions are enclosed with Lessee's payment or otherwise, unless otherwise agreed upon by both parties in writing.

29. AVAILABILITY OF FUNDS TO LESSEE : Lessee's covenant to pay rent is contingent upon availability of State funds, and the Lessee reserves the right to cancel this lease in the event that State funds become unavailable or appropriations are diminished, provided the Lessee shall notify the Lessor of

the probable lack of funding or appropriation at least three (3) months in advance.

30. ENTIRE AGREEMENT : This writing is intended by the parties as a final expression of their agreement and as a complete and exclusive statement of the terms hereof, all negotiations, considerations and representations between the parties having been incorporated herein. No course of prior dealings or agreements between the parties shall be relevant or admissible to supplement, explain or vary any of the terms of this Lease. No representations, understandings or agreements have been made or relied upon in the making of this Lease other than those specifically set forth herein. This Lease may only be modified by an instrument in writing, duly executed by the parties hereto.

31. DISPUTES : Except as otherwise provided in this Lease Agreement, any dispute concerning a question of fact arising under this Lease which is not disposed of by mutual agreement shall be decided by an arbitration board consisting of the Chief Administrative Officer of Montgomery County (or his designee), and the Director, Office of Real Estate, Department of General Services, State of Maryland, (or his designee), who shall jointly notify the Lessee and Lessor in writing of the determination made. The Lessee and Lessor shall be afforded an opportunity to be heard and offer evidence in support of their respective positions. Pending final decision of a dispute hereunder, Lessor and Lessee shall proceed diligently with the performance of all provisions under this Lease Agreement. In the event the Arbitration Board cannot agree on a final decision in a dispute, they shall mutually select a neutral party to decide the issue. The decision of the Arbitration Board (or the neutral arbitrator selected by the Board) shall be final and conclusive. This Paragraph does not preclude consideration of questions of law in connection with the aforesaid decisions. This Lease Agreement shall be governed by the laws of the State of Maryland.

32. MAILING NOTICES : All payments or notices required or desired to be given hereunder by either party to the other shall be given by certified or registered mail. Notices to the respective parties shall be addressed as follows:

LESSEE :

THE STATE OF MARYLAND
Dept. of General Services
Office of Real Estate
301 West Preston Street
Baltimore, Maryland 21201

LESSOR :

MONTGOMERY COUNTY, MARYLAND
Dept. of Facilities & Services
Space & Leasing Management
50 Courthouse Square
Rockville, Maryland 20850

33. LIMIT ON INITIAL BASIC RENT : Lessor agrees that the terms of this Lease are covered by the provisions of Article 78A, Section 8 of the Annotated Code of Maryland and thereby asserts that the basic annual rent, as stated in Paragraph 5 hereof, and in effect at the commencement date of this Lease, does not exceed fifteen percent (15%) of the fair market value of the leased premises. For purposes of this Paragraph only, reimbursement to the Lessor of Lessor's contribution to initial construction according to Paragraph 8 hereof and reimbursement for expenses incurred by Lessor on Lessee's behalf according to Paragraph 10A hereof shall not be considered as additional rent.

34. PURCHASE OPTION: Lessee shall have the option, at any time during the term hereby created or any extension thereof, to purchase the leased premises, including the land and building, as outlined in red on Exhibit "A" attached hereto. The purchase price to be paid by Lessee for the leased premises shall be established in the following manner:

A. To determine the price of the land, Lessor and Lessee shall each select a qualified Licensed appraiser. The two appraisers selected shall choose a third qualified, licensed appraiser. The respective parties shall each bear the cost of their own appraisers and the fee for the third appraiser shall be equally divided between the two parties. The purchase price to be paid for the land by the Lessee and as accepted by Lessor shall be the average of the fair market values as submitted by each of the three appraisers for the land.

B. In addition to the price for the land as established by the three appraisers Lessee agrees to pay a price for the building equal to the actual debt service including principal and interest incurred by Lessor on bonds issued on June 1, 1928, June 15, 1931, October 27, 1931, and March 1, 1959. Lessor and Lessee hereby agree that the total for the said bonds is \$3,154.620.00, including principal and interest.

In the event that Lessor and Lessee shall fail to effect settlement within one hundred twenty (120) days from the date appraisals for the land are concluded and the Lessee is notified of the established purchase price for the land, then the price so established shall, at Lessor's option, no longer be applicable, and new appraisals for the land shall be conducted pursuant to Paragraph 34 (A) in order to establish the effective purchase price.

Lessee and Lessor agree that the leased premises have a certain historical significance, and that every attempt will be made to retain the facility as the location of the District Court and other agencies providing court related services. In the event Lessee exercises the option to purchase

and becomes the record owner of the premises, Lessee agrees that the Deed of Conveyance shall contain a restrictive covenant which will provide for record title to revert to the Lessor, at a purchase price to be determined at that time, in the event Lessee ~~or its successors in interest~~ no longer require the use of the building. Plb
2/2
8/7/84

Lessee and Lessor further agree that the Deed of Conveyance shall provide that the Courtroom known as the "Ceremonial Courtroom" must remain intact and the exterior of the building will not be altered or changed. The Deed of Conveyance shall further provide that the Lessee shall maintain the building and grounds in a state of good order and repair. The purpose of this provision is to assure the continued historical integrity of the building. These restrictive covenants shall run with the land and shall be binding upon Lessee, its successors and assigns.

In the event that the Lessee elects to exercise its option to purchase the premises as provided hereinabove, then the Lessee shall pay to Lessor, in a lump sum payment due sixty (60) days from the date of settlement, an amount equivalent to any outstanding balance owed to the Lessor for the Lessor's contribution to the construction costs as established in Paragraph 8A hereof, and all costs associated therewith, whether already incurred or to be incurred by Lessor at some future date. Rental payments and reimbursement for maintenance expenses incurred by Lessor on Lessee's behalf shall be adjusted to the date of settlement.

The hereinabove option to purchase may not at any time be sold, transferred, assigned or subleased by Lessee to any third party.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be properly executed.

ATTEST:

LESSOR : MONTGOMERY COUNTY, MARYLAND

By: Patricia J. Affens

By: Robert K. Kendal
Robert K. Kendal,
Chief Administrative Officer

Date: 8/7/84

ATTEST:

LESSEE : THE STATE OF MARYLAND

By: Rosalie J. Howley

By: Robert F. Sweeney
Robert F. Sweeney,
Chief Administrative Judge

Date: 3/22/84

Plb

By: Quanita M. Garrett

By: Alan Murrell

Alan Murrell
Public Defender

Date: 4/13/84

By: _____

By: _____

H. William Bauersfeld, Jr., Director
General Services Administration
Department of Health and Mental Hygiene
Date: _____

By: Marilyn E. Farndon

By: _____

Calvin A. Lightfoot
Calvin A. Lightfoot
Deputy Secretary
Department of Public Safety and
Correctional Services
Date: 11 Aug '84

By: Diane F. Haskel

By: _____

Arnold J. Hopkins
Arnold J. Hopkins, Director
Division of Parole & Probation
Date: 6-6-84

Execution of the above lease was authorized and approved by the Board of Public Works at a meeting held on FEB 29 1984 as Item 36 -L.

R. P. Kearney
Director, Office of Real Estate
Department of General Services

This lease is hereby approved for form and legal sufficiency by Patricia Smith
Tapp Assistant Attorney General, on the 8th day of December
1984.

APPROVED AS TO FORM AND LEGALITY
OFFICE OF THE COUNTY ATTORNEY

By: Tapp
Date: 8-2-84

Recommend approval subject to the satisfaction of legal advertising requirements and receipt of public comments, if any:

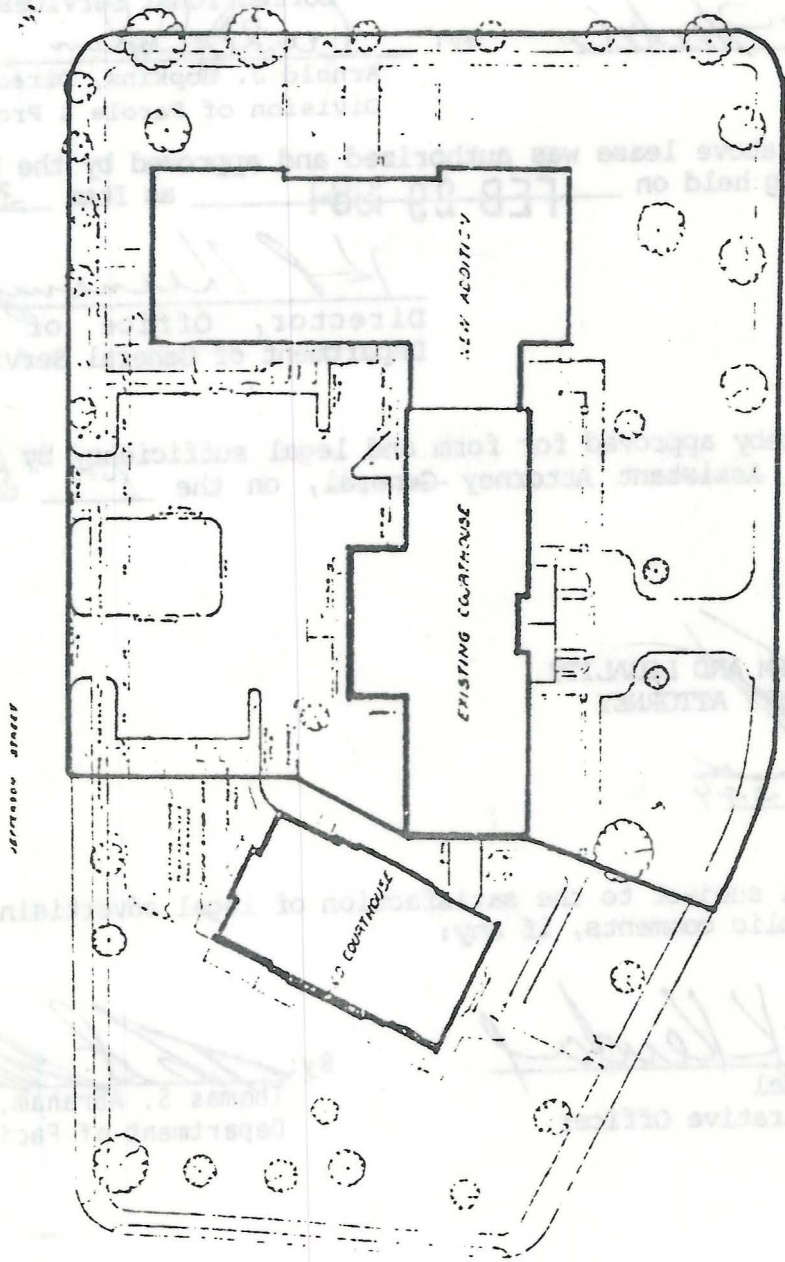
By: Robert K. Kendal
Robert K. Kendal
Chief Administrative Officer

By: Thomas S. Abraham
Thomas S. Abraham, Director
Department of Facilities & Services

Rpk

EXHIBIT A - LEASED PREMISES

MONTGOMERY COUNTY COURTHOUSE
NORTH WASHINGTON STREET
ROCKVILLE, MARYLAND



THIS PLAN IS A REPRODUCTION OF THE ORIGINAL PLAN AND IS NOT TO BE USED FOR ANY OTHER PURPOSE.

DATE: 10/1/84
BY: [Signature]
TITLE: SITE PLAN
PROJECT: MONTGOMERY COUNTY COURTHOUSE



RBR